

1 Deliverability and Risk Assessment

Overview

- 1.1 At the February Accountability Board it was requested that further information be provided to the Board on the deliverability and risk of all schemes in the LGF programme.
- 1.2 An assessment of overall deliverability risk has been undertaken by the SELEP programme management team. This has been shared with Promoters for comment, and finalised taking account of comments and clarifications as appropriate.
- 1.3 The deliverability risk assessment will form part of the ongoing capital programme management work, and an update will be prepared for each Accountability Board.

Purpose of the Risk Assessment

- 1.4 The risk assessment is intended to help SELEP and Federal Areas to understand the realism of the programme and key programme risks, and to manage the programme accordingly. The purpose is not to affect the priority or status of any particular scheme (many of the schemes that are higher risk may also be higher priority in their ability to deliver key policy outcomes). Rather, the exercise is intended to provide an overview, at programme level, of the scale of nature of potential deliverability risks, and hence the consequent risk around the ability of SELEP (and Partners) to spend LGF funding to the planned profile.
- 1.5 The risk assessment will therefore inform the on-going programme management function of the LEP. The objective is to anticipate where and when programme risks may materialise, and to help ensure that the overall programme (and spend) in given years is populated with a balanced set of schemes, where schemes with higher deliverability risks are counterbalanced by lower risk schemes. There also needs to be sufficient flexibility within the programme to manage risks that materialise.
- 1.6 The identification of scheme specific risks can also be used to help Promoters prioritise effort on measures that could mitigate these risks and, through this manage and mitigate risk at the Federal Area / SELEP level.

Deliverability Risk Assessment - Approach

1.7 This assesses the deliverability risk associated with a particular scheme. The deliverability risk considers:

- **Specific project risks** – these relate to public acceptability, feasibility and so on. A ‘RAG’ assessment will be made against each of these deliverability criteria.
- **Risk outcomes** – The impact of individual risks on overall deliverability risk in terms of key outcomes – these will also be RAG rated:
 - **Programme risk** – what is the a risk / likelihood that the scheme will be delivered later than planned?
 - **Showstopper risk** – what is the risk / likelihood that the scheme could be either cancelled or delayed beyond the LGF programme period – i.e. drop out of the programme?

Specific project risks

1.8 Below we list the key project specific risks and the considerations that will be taken into account in making the RAG assessment. The RAG rating will be based on an informed judgement taking account of these considerations (rather than through a formulaic approach), and supported by a rationale.

Risk Area	Key Considerations
<ul style="list-style-type: none"> • Public and Stakeholder Acceptability 	<ul style="list-style-type: none"> • Does the project have public and stakeholder support? • Has public consultation been undertaken? • Does the nature of the scheme mean the proposal is likely to face greater acceptability risk?
<ul style="list-style-type: none"> • Feasibility 	<p>Is the proposal:</p> <ul style="list-style-type: none"> • Technically feasible (engineering feasibility) • Technologically feasible (proven technology) • Legally feasible – can be delivered within regulatory and legal framework (e.g. State Aid)
<ul style="list-style-type: none"> • Planning Risk 	<ul style="list-style-type: none"> • What powers / consents are required? • Have they been secured? • What is the risk that powers / consents may not be granted?
<ul style="list-style-type: none"> • Cost Risk / Affordability / Funding 	<ul style="list-style-type: none"> • What is the risk (how likely) and impact (who bears the risk and could it be absorbed) of a cost over-run? • What is the status of 3rd Party Funding – identified, committed, secured etc.?
<ul style="list-style-type: none"> • Value for Money 	<ul style="list-style-type: none"> • What is the VfM case for the scheme? • What is the risk it could fall below the VfM threshold (as per the SELEP Assurance Framework)
<ul style="list-style-type: none"> • Complexity / Dependence Flexibility of Scheme 	<ul style="list-style-type: none"> • Does the scheme rely on a range of institutions to deliver the project? • Are there significant project dependencies? • Is the scheme flexible – can it be re-defined in scope and detail to mitigate certain risks

Deliverability Risk Assessment – Outputs

1.9 The outputs from the deliverability assessment will include:

- A scheme by scheme risk summary, including project specific risks and risk outcomes.
- Overall programme-level risks including overall value of schemes, by year, in the low, medium and high risk categories.